

INTERNATIONAL TOURISM AND THE DEVELOPMENT OF THE MALDIVES ARCHIPELAGO

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INTRODUCTION

The Republic of Maldives is located in the Indian Ocean, south west of India and Sri Lanka. It consists of 26 coral atolls, containing about 1190 very small islands, only 200 of which are inhabited. The Republic is estimated to be among the poorest island developing countries in the world and among the most densely populated [5]. It has a narrow resource base because of its small land area and because of its lack of mineral or oil reserves. But despite this drawback, the country has managed to sustain itself and grow by exploiting sectors like fishing, shipping and tourism.

INTERNATIONAL TOURISM IN THE ECONOMY AND ITS GROWTH

Maldivian tourism entered the international scene only in the early 1970's. By the late 70's, international tourism had become an important source of income for the Maldives. The development of tourism as a growth strategy was partly a consequence of the lack of finance from international organizations and development banks for investments in tourist facilities [2]. Tourist development in the Maldives is based on the principle of isolation of tourists from the bulk of the indigenous population [11]. Each tourist resort in the Maldives is a self-contained island isolated from the general public.

The share of tourism in GDP of the Maldives in 1983, (at 1982 constant prices) was 14%, making tourism the third largest sector as far as contribution to GDP is concerned, and this share has been increasing. However, tourism is a relatively small employer of labour, and employed only 2.5% of the Maldivian work force in 1983.

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While international tourism in the Maldives has been on the rise since the early 70's, there was a slight decline in the total number of tourist arrivals for 1983 compared to 1982. However, tourist bednights increased (see Table 1). While a smaller number of tourists came to the Republic in 1983 compared to 1982, they stayed longer on average. The balance-of-payments account of the Maldives indicates that the foreign exchange from travel has been increasing continuously from 1979 to 1983 [7, p. 128]. Net foreign exchange earnings from travel rose from US\$ 7.8m in 1979 to US\$ 18.1m in 1983.

TABLE 1: *Tourist Arrivals and Bednight Data for the Maldives*

Year	1980	1981	1982	1983
Number of tourist arrivals	42.007	60.358	74.411	74.163
Number of bednights	298.740	445.493	593.258	647.288
Average no. of days spent	7.11	7.38	7.97	8.73

Source: Based on Table VIII-4 of [7].

Origin of Visitors and Change in Origin

Europe is the major supplier of tourists to the Maldives, accounting for about 70% of arrivals. Germany is the main single source of tourists (28% of the total) and Italy is second with 19% of the total. Asia is, next to Europe, the most important source of tourists for the Maldives. Though India was the third largest source of tourists in 1983 (16% of the total), Indian tourists do not bring much foreign exchange to the tourist sector, but they benefit the trade sector of the Maldives. Though the percentage share of the tourist from Japan was quite low in 1983 (2.49%), the importance of this source can be expected to increase in the future.

Increasing Tourist Load

While tourist load is difficult to estimate, there is a adverse relationship between the extent of tourism in an area and the environmental quality [1,8]. However, this relationship may only be important once the level of tourism exceeds some threshold quantity [1,8]. It is instructive to consider some crude indicators of tourist load for the Maldives. These are not definitive measures but provide a framework in which to raise issues. Let us consider the following indicators: (i) Ratio of tourists to population, (ii) Tourists per square km, (iii) Ratio of bednights to population.

Over the years, the ratio of tourists to population increased at a decreasing rate except in 1983 when there was a slight decline as shown in Table 2. Table 2 indicates that this ratio is high (44% in 1983) and implies approximately one tourist per year for every two Maldivians. The total land area of 298 km was used to estimate tourists per square km and is shown in Table 2. This density increased at almost a constant rate from 1980 to 1982, but declined slightly in 1983. Total tourist bednights to total

population gives a better indication of the tourist load factor than does the ratio of tourist arrivals to population. Table 2 shows that even though the other two indicators declined in 1983, the ratio of bednights increased but at a reduced rate of growth compared to previous years. In 1983, foreign tourism rose to almost 4 bednights per resident in the Maldives.

TABLE 2: *Data on Tourist Load from 1979 to 1983*

Year	1979	1980	1981	1982	1983
Population	148800	153000	157800	162800	167900
No. of tourist arrivals	33124	42007	60358	74411	74163
No. of bednights	n.a.	298710	445493	593258	647288
Ratio of tourists to population	0.22	0.27	0.38	0.46	0.44
Tourists to sq. km.	n.a.	141	202	250	249
Bednights to population	n.a.	1953	2823	3644	3855

Source: Based on Table II-23 and Table VIII-1 and Table VIII- 4 of [7].

MANAGEMENT PROBLEMS OF RESORTS AND ENVIRONMENTAL CONSTRAINTS

Because of the tourist isolation policy of the Maldives, each resort is relatively self-contained. This means that economies of scale and agglomeration in the provision of services such as electricity cannot be achieved. However, the fragmented land mass of the country makes it difficult for economies of agglomeration to be achieved in any case.

Excess Capacity and Variability in Demand

Table 3 gives an estimate of bednights utilized at resorts over the years and shows that the capacity utilization has ranged from 36% to 41%. There is considerable seasonal variation in capacity utilization of resort beds. In 1983, this ranged from 14% utilization in June to 71% utilization in January. Even during the peak period of tourist arrival (January), there was excess capacity of 30%. This excess capacity might be due to monopolistic competition between resorts [3,10]. However, other possible reasons include building of resorts to cater for anticipated expansion of demand, possibly coupled with economies of size due to lumpiness, and incorrect prediction of demand expansion. Seasonal fluctuations in tourist demand have the disadvantage of creating considerable instability in employment. This instability is sometimes allowed for by using foreign casual employees. However, fluctuations in tourist demand can have positive side benefits in that it may raise total revenue received from tourism [12] compared to an evened out level of demand.

TABLE 3: *Capacity Utilization of All Resorts from 1980 to 1983*

Year	Tourist Bednights	Bednight Capacity	% of Cap. Utilized
1980	298740	825570	36.19
1981	45493	1170920	38.05
1982	593258	1453430	40.81
1983	647288	1618410	39.99

Source: Based on Table VIII-4 of [7].

Pollution Problems

Tourists do pollute the resort islands, though not on a large scale. The dumping of waste material by tourists can increase and become a serious threat to the marine environment of the Maldives [9]. If the quality of marine environment declines around the resort areas, tourists will be deterred. In the interest of tourist development in the Maldives, some state intervention is necessary to control pollution.

Geographical and Environmental Constraints

Even though about 900 Maldivian islands are uninhabited, their area is very limited and not all are suitable for habitation or tourist development. Therefore, overcrowding on resort islands could deter tourist arrivals in the future. The impact of likely crowding of tourist resorts on tourist demand in the Maldives needs serious consideration in formulating tourist development strategies [4, 6]. The environment and restricted land area may limit the future volume of the Maldivian tourist trade.

TOURISM AS A CONTRIBUTOR TO DEVELOPMENT IN THE MALDIVES

In the Maldivian context, international tourism does not create substantial local employment opportunities. This is not only because tourism is seasonal but requires some skill. Most Maldivians have no education beyond primary school and a few have any knowledge of foreign languages. Foreign language skills and knowledge of foreign customs are important qualities for employment in resorts catering for international tourists. Furthermore, because tours are organized as package tours, and are in isolation on a chosen resort island, the direct demand of tourists for services outside resorts is minimal. A few non-resort linked enterprises have developed in the form of free lance boat taxis for tourists wishing to make an excursion independently from those organized by the resort (all these are Maldivian owned). Also, tourist management is in the hands of foreigners and the trickle down effect on indigenous employment and development may be limited.

Tourism is an important contributor to Maldivian foreign exchange earnings. But the net effect of tourism on its foreign exchange is uncertain. However, a recent UN study [13] indicates that net foreign exchange earnings from inward tourism are usually positive.

CONCLUSION

What are the main opportunity costs of international tourist expansion in the Maldives? Without further data it is impossible to specify these costs precisely. However, little land with alternative use has been forgone for tourist resorts. On the other hand, scarce capital has been used for their development. Yet, it is debatable whether the capital would have been all available for alternative purposes and how productive it would have been elsewhere. Some of it might have been allocated to fishing investment. But it is doubtful if it would have added much to fishery production given the limits to biological exploitation. In fact, in so far as foreign tourism has resulted in a net gain in foreign exchange, it has played an important role in enabling imports of fuel for the fishing industry to be maintained. Some of the capital might have been used for the development of mariculture but this is a high-risk development likely to have a long gestation period. Garment manufacturing might have been expanded at a faster rate, but this is a very competitive export industry. The capital might have been used to improve the social infrastructure, e.g., schools and hospitals, but even here the amount of released capital and its social productivity would be uncertain.

The development of the tourist sector in the Maldives has only had a small impact on local poverty and disguised unemployment, especially in the fishery sector. Nevertheless, a small positive contribution seems to have been made to employment and economic welfare in the Maldives by the tourist sector, a gain that might not have been available through any other feasible development. Nevertheless, the Maldives may not have maximized its gains from tourism, e.g., local employment and this needs further investigation.

The scope for expanding international tourism in the Maldives is limited by the restricted availability of suitable sites for tourist development. The tourist experience of the Maldives has been marketed on the basis of 'getting away from the crowds' and the availability of natural resources unspoiled by human pollution.

With increased tourism, these qualities are at risk and future tourist planning in the Maldives needs to take this into account. Once tourist "full capacity" on the Maldives is reached (which may be soon) a policy designed to limit the quantity of tourism rather than expand its volume need to be considered. Expansion in Maldivian income from tourism will need to rely on greater payments by each tourist rather than on the further expansion of the volume of low-cost package tourist arrivals to the Maldives.

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